

## Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)\*, of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: FINANCIAL SERVICES

Subcommittee: DIVERSITY AND INCLUSION

Hearing Date: JUNE 25, 2019

Hearing Subject:

Diverse Asset Managers: Challenges, Solutions, and Opportunities for Inclusion

Witness Name: JOHN W. ROGERS, JR.

Position/Title: CHAIRMAN AND CEO

Witness Type: ☐ Governmental ☒ Non-governmental

Are you representing yourself or an organization? ☒ Self ☐ Organization

If you are representing an organization, please list what entity or entities you are representing:

N/A

If you are a non-governmental witness, please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current calendar year and previous two calendar years. Include the source and amount of each grant or contract. *If necessary, attach additional sheet(s) to provide more information.*

N/A

If you are a non-governmental witness, please list any contracts or payments originating with a foreign government and related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current year and previous two calendar years. Include the amount and country of origin of each contract or payment. *If necessary, attach additional sheet(s) to provide more information.*

N/A

### False Statements Certification

Knowingly providing material false information to this committee/subcommittee, or knowingly concealing material information from this committee/subcommittee, is a crime (18 U.S.C. § 1001). This form will be made part of the hearing record.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

6-23-19

**If you are a non-governmental witness, please ensure that you attach the following documents to this disclosure. Check both boxes to acknowledge that you have done so.**

- ☒ Written statement of proposed testimony
- ☒ Curriculum vitae or biography

\*Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B) shall include—

- (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and
- (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

**Testimony of  
John W. Rogers, Jr.  
Chairman, CEO, & Chief Investment Officer  
Ariel Investments**

**Before the  
Committee on Financial Services  
Subcommittee on Diversity and Inclusion  
U.S. House of Representatives**

**June 25, 2019**

Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, and members of the subcommittee, thank you for inviting me to speak with you. I would also like to thank the staff for their thoughtful work.

My name is John Rogers. I am the Chairman and CEO of Chicago-based Ariel Investments, founded in 1983, the first African American owned asset management firm in the country. I am the product of two pioneering parents – my father was an original Tuskegee Airman, and my mother was the first African American woman to graduate from the University of Chicago Law School in 1946.

Fast forward to today: the economic prospects of the black community have stalled or even gone backwards. For example, Ray Boshara of the St. Louis Fed reports that between 1992 and 2016, college-educated whites saw their wealth soar 96 percent while college-educated blacks saw theirs fall 10 percent.

We are here to discuss asset management, one of the largest sources of wealth, power, and jobs in today's economy. Of the wealthiest Americans on the 2018 Forbes 400 list, over 30 percent generated their wealth in financial services or real estate. The top three private equity firms control over two million jobs.

Asset management offers a stark reminder of the obstacles preventing people of color from fully participating in our capitalist democracy - even in 2019. Your committee oversees the country's largest banks. The four largest hire hundreds of asset management firms to invest nearly \$1 trillion across three pools of assets: their own corporate pension plans, their own 401k plans, and externally managed wealth management platforms. You can essentially "round down to 0" the assets managed by diverse firms across those three buckets.

There is no shortage of high-performing diverse-owned firms. Vista Equity Partners is one of the best performing private equity funds in recent years. Brown Capital was named Morningstar Manager of the Year in 2015. And our Ariel Fund is the top performing fund in its category since the financial crisis. Yet, when compared to the largest asset management firms, we are essentially rounding errors. Vista, the largest black-owned private equity firm according to Black Enterprise, is less than 1% the size of BlackRock, which manages over \$6.5 trillion.

As Reverend Jackson says, 'baseball became a better sport when Jackie Robinson was allowed to play.' The financial services industry is well-served by dynamic leaders such as Eddie Brown, Melody Hobson, and Robert Smith who are job creators, philanthropists, and important role models in our community. Of course, we all saw Robert Smith commit to erase the student loan debt of the entire 2019 graduating class of Morehouse College.

I offer three thoughts on why barriers persist in the asset management industry. First, there is a tendency to work with people you know and with whom you are comfortable. Second, due to implicit or unconscious bias, many do not think of black leaders as successful money managers. Third, many banks, corporations and non-profits have embraced well-intentioned supplier diversity programs emphasizing construction, catering, janitorial services, and other commodity-related fields. However, this approach excludes us from the parts of the economy where wealth, power, and jobs are created today, such as asset management and other professional services. I would go as far as calling it a "modern-day Jim Crow."

I would recommend asking institutions under the purview of this committee to implement three solutions. First, I support the proposed legislation adopting the "Rooney Rule," requiring banks and other entities to consider diverse-owned firms when aiming to fill new investment mandates. Second, measure all spending by specific category including asset management and other professional services, and replace the term 'supplier diversity' with 'business diversity.' Third, CEOs and their management teams can be held accountable by this committee for providing meaningful transparency and making measurable progress.

In closing, tackling economic inequality through business opportunity is more important than ever. As Dr. King predicted, African-Americans could only be liberated from the "crushing weight of poor education, squalid housing and economic strangulation" by being "integrated with power into every level of American life." Thank you.



John W. Rogers, Jr.  
Chairman, CEO and Chief Investment Officer

John W. Rogers, Jr. is Founder, Chairman, Chief Executive Officer and Chief Investment Officer of Ariel Investments. Headquartered in Chicago, the firm offers six no-load mutual funds for individual investors and defined contribution plans as well as separately managed accounts for institutions and high net worth individuals.

After working for 2½ years at William Blair & Company, LLC, John founded Ariel Investments in 1983 to focus on undervalued small and medium-sized companies. Patience served as the cornerstone of a disciplined approach that still drives the firm today.

John's passion for investing started when he was 12 years old when his father bought him stocks, instead of toys, for every birthday and Christmas. His interest grew while majoring in Economics at Princeton University. In addition to following stocks as a college student, John also played basketball under Hall of Fame coach Pete Carril. He was captain of Princeton's Varsity Basketball Team his senior year. There, Carril's courtside lessons on teamwork profoundly shaped his views of entrepreneurship and investing.

Early in his career, John's investment expertise brought him to the forefront of media attention, including being selected as Co-Mutual Fund Manager of the Year by *Sylvia Porter's Personal Finance* magazine as well as an All-Star Mutual Fund Manager by *USA TODAY*. Furthermore, he has been highlighted alongside legendary investors Warren Buffett, Sir John Templeton and Ben Graham in the distinguished book: *The World's 99 Greatest Investors* by Magnus Angenfelt. A sought after market commentator and speaker, John is regularly featured and quoted in a wide variety of financial broadcast and print publications.

Beyond Ariel, John is a board member of McDonald's, NIKE, The New York Times Company and serves as vice chair of the board of trustees of the University of Chicago. Nationally, John is a member of the American Academy of Arts and Sciences, and a director of the Robert F. Kennedy Human Rights.

In 2008, John was awarded Princeton University's highest honor, the Woodrow Wilson Award, presented each year to the alumnus or alumna whose career embodies a commitment to national service. Following the election of President Barack Obama, he served as co-chair for the Presidential Inaugural Committee 2009, and more recently, he joined the Barack Obama Foundation's Board of Directors.